

State of Colorado



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Department of Personnel
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Division of Human Resources
1313 Sherman Street, First Floor
Denver, Colorado 80203
Phone (303) 866-2323
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www.colorado.gov/dpa

Date of Notice:
Dear:

This notice contains important information about your right to continue your health care coverage in the State of Colorado Medical and/or Dental plans (the Plan). Please read the information contained in this notice very carefully.

To elect COBRA continuation coverage, follow the instructions on the enclosed Election Form and submit the completed form to: State of Colorado, Employee Benefits Unit, COBRA Coordinator, 1313 Sherman Street, First Floor, Denver, CO 80203. Your form must be submitted within 60 days from the date of this notice shown above.

If you do not elect to continue your health care coverage by completing the enclosed "Election Form" and returning it to us, your coverage under the Plan will end on _____ due to:

End of employment
Death of employee
Enrollment in Medicare
Reduction in hours of employment
Divorce or legal separation
Loss of dependent child status

Each person ("qualified beneficiary") in the category(ies) checked below is entitled to elect COBRA continuation coverage, which will continue group health care coverage under the Plan for up to ____ months (18 or 36, depending on the qualifying event checked above).

Employee -
Spouse (or former spouse of employee)
Dependent children

If elected, COBRA continuation coverage will begin on _____ and end on _____.
You may elect to continue medical and/or dental coverage.

For premium information, please see the enclosed **COBRA Premium** rate sheet. ***Please do not send any payment with the Election Form. You will be billed directly by your carrier, and you will send payment to them.*** Important additional information about payment for COBRA continuation coverage is included in the following pages.

If you have any questions about this notice or your rights to COBRA continuation coverage, you should contact the State of Colorado, Department of Personnel and Administration, Employee Benefits Unit, 1313 Sherman Street, First Floor, Denver, CO 80203 Phone: 800-719-3434 or 303-866-2254.

IMPORTANT - To elect continuation coverage you MUST complete the enclosed "Election Form" and return it to the Employee Benefits Unit. You may use the envelope provided or you may mail it to the address shown on the Election Form, 1313 Sherman Street, Room First Floor, Denver, Colorado 80203. The completed Election Form must be post-marked by (or received by, if hand-delivered) . If you do not submit a completed Election Form by this date, you will lose your right to elect continuation coverage. Important information about your rights is provided to you on the following pages.

IMPORTANT INFORMATION ABOUT YOUR COBRA COVERAGE RIGHTS

What is continuation coverage?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee covered under the group health plan, a covered employee's spouse, and covered dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are active employees or their dependents. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights. The persons listed on page one of this notice have been identified by the Plan as qualified beneficiaries entitled to elect continuation coverage. Specific information describing continuation coverage can be found in your insurance carrier's Evidence or Certificate of Coverage, which should have been sent when you originally enrolled in the plan. These are also available online at www.colorado.gov/dpa/dhr or by contacting the insurance carrier.

How long will continuation coverage last?

In the case of a loss of coverage due to an end of employment or reduction in hours of employment, coverage may be continued for up to 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, or a dependent child ceasing to be a dependent under the terms of the plan, a spouse or dependent may continue coverage for up to 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became enrolled in Medicare less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare enrollment. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid on time,
- a qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary,
- a covered employee enrolls in Medicare (Part A, Part B, or both) after electing continuation coverage, or
- the employer ceases to provide any group health plan for its employees. Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of continuation coverage?

If you elect continuation coverage, an extension of the maximum period of 18 months of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the State of Colorado Employee Benefits Unit of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries are disabled. The Social Security Administration (SSA), the Colorado Public Employees Retirement Association (Colorado PERA) or the State's Long-Term Disability (LTD) carrier must determine that the qualified beneficiary was disabled at some time during the first 60 days of continuation coverage, and you must notify the State of Colorado Employee Benefits Unit of that fact within 60 days of the determination and before the end of the first 18 months of COBRA continuation coverage. **A copy of the determination letter must be sent to the Employee Benefits Unit.** All of the qualified beneficiaries listed on page one of this notice who have elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by any of the above groups to no longer be disabled, you must notify the State of Colorado Employee Benefits Unit of that fact within 30 days of that determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events include the death of a covered employee, divorce or legal separation from the covered employee, or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. You must notify the State of Colorado Employee Benefits Unit within 60 days after a second qualifying event occurs.

How can you elect continuation coverage?

Each qualified beneficiary listed on page one of this notice has an independent right to elect continuation coverage. For example, both the employee and the employee's spouse may elect continuation coverage, or only one of them. Parents may elect to continue coverage on behalf of their dependent children only. A qualified beneficiary must elect coverage by the date specified on page one. Failure to do so will result in loss of the right to elect continuation coverage under the Plan. A qualified beneficiary may change a prior rejection of continuation coverage any time until that date.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How much does continuation cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage (or, in the case of an extension of continuation coverage due to a disability, 150 percent). Please see the enclosed **"FY 06 COBRA Premiums"** to find specific dollar amounts.

When and how must payment for continuation coverage be made?

First payment for continuation coverage

If you elect continuation coverage, **you do not have to send any payment for continuation coverage with the Election Form.** However, you must make your first payment for continuation coverage within 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage within that 45 days, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. Payment amounts are shown on the enclosed premium listing.

Your first payment must cover the cost of continuation coverage from the time your coverage under the Plan would have otherwise terminated up to the time you make the first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact the appropriate medical or dental carrier or the State of Colorado Employee Benefits Unit to confirm the correct amount of your first payment. Please contact the appropriate medical or dental carrier for questions regarding billing (amounts, statements, where to send, etc.) throughout your COBRA continuation coverage. **The phone numbers for the carriers can be found at the end of this letter.**

You will be billed directly by the medical or dental carriers. They will provide the address to which payments should be sent. **DO NOT send payments to the Employee Benefits Unit or any State agency.**

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to pay for continuation coverage for each subsequent month of coverage. Under the Plan, these periodic payments for continuation coverage are due on the *first of the month of coverage for all carriers except San Luis Valley HMO, which has a due date of the 15th of the month prior to the month of coverage.* If you make a periodic payment on or before its due date, your coverage under the Plan will continue for that coverage period without any break. The carriers will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days to make each periodic payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. If you make a payment after the due date but before the end of the grace period, your coverage will be suspended until payment is received by your carrier.

If you fail to make a periodic payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan.

Canceling COBRA Continuation Coverage

You may cancel COBRA coverage at any time, but to do so you ***must*** submit a cancellation notice in writing, via either U.S. mail or fax, to the individual insurance carriers. Please indicate on what day you wish coverage to end (note that the State's plans can only use whole months, thus your coverage will end on the last day of the month you wish to terminate coverage). **Contact the carrier (phone numbers are at the end of this letter) to request the address or fax number where they wish these notices to be sent.**

You ***CANNOT*** simply stop paying your premiums to cancel COBRA. If you do this, and do not provide written notice of your cancellation, the carriers have the right to seek those unpaid past premiums from you, and may turn to collection agencies.

Continuation of Health Care Flexible Spending Accounts (FSA) Under COBRA

You may also continue your Health Care FSA under COBRA (Dependent Day Care FSA's may not be continued) on an after-tax basis, but only if you have a positive balance in your Health Care FSA at the time of the qualifying event. The account may only be continued for the remainder of the plan year. For example, if an employee resigns on May 31, 2005, they could continue the Health Care FSA only through December 31, 2005.

If you elect to continue your Health Care FSA under COBRA, you will ***not*** receive a formal bill. Your monthly contributions are payable in advance and must be received by the first of each month. Your check or money order must be made payable to the State of Colorado and sent to:

DPA – Employee Benefits
COBRA Coordinator
1313 Sherman Street, First Floor
Denver, Colorado 80203-2244

For more information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your Evidence or Certificate of Coverage from your individual insurance carrier. These are available online at www.colorado.gov/dpa/dhr or by contacting your human resources office or you may request one from your insurance carrier.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Insurance Carrier and the COBRA Coordinator informed of any changes in the addresses of you or your family members. You should also keep a copy, for your records, of any notices you send to the carriers.

If you have general questions about COBRA and the processes, please contact your human resources office or the State of Colorado Employee Benefits Unit, 303-866-3434 or 1-800-719-3434, or visit our website www.colorado.gov/dpa/dhr.

Once you have elected COBRA coverage, should you have questions regarding billing, premium amounts, statements, ID cards, addresses, fax numbers or cancellations, please contact the carriers at the following numbers:

Great-West Healthcare	1-800-392-5368
Kaiser Permanente	1-866-595-0483, ext. 4719
San Luis Valley	1-800-475-8466 or 719-589-3696 (Alamosa)
Delta Dental	1-800-489-7168, ext. 408 or 303-741-9300, ext. 408 (Denver Metro area)

These numbers ARE NOT customer service numbers, but instead are the contacts for COBRA participants under the State's plans. If you have NOT elected COBRA, please do not contact these people.

For questions about each carrier's plan and coverage, such as covered procedures, prescriptions, co-pays, deductibles, doctors or hospitals, please contact the carrier via their standard customer service number (this would be the same number you used before your COBRA event).